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Executive Registry
73-3344

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DDI-4039-73

MEMORANDUM FOR: Holders of the MAG Annual Report, dtd 14 June 1973

SUBJECT : MAG's Memorandum on the Credit Union, Attachment C to the Annual Report

MAG

1. Attachment C to the MAG Annual Report raises specific allegations of possible improprieties by the Credit Union's Board of Directors in conducting Credit Union business. Standing alone, this report is subject to misconstruction. Since I conducted a review of the allegations and reported these back to MAG, I now realize that Attachment C should not have been released without a covering statement.

2. Upon receipt of the MAG memorandum dated 7 September 1972, I conferred with the President of the Credit Union and initiated a review of Credit Union practices and its electoral process. Based on this review, I concluded that there was no evidence of "crony-ism" or of an effort on the part of the Board of Directors to thwart the will of the membership as specified in paragraph 2a, b, c, d, and e of the report. To the contrary, I learned that the Board had already concluded several months of effort on a revision of the process by which members of the Board of Directors are elected. By notice dated 30 August 1972, the Board had announced a special meeting for 27 September 1972 to discuss this new election procedure, which opened up the ability of individual members to participate in the election process and allowed, for the first time, voting by ballot. Moreover, the Board's reasons for appointing a paid Treasurer, in my judgment, seemed justified and this matter was also to be discussed at the 27 September special meeting.

3. On the charge made in paragraph 4 of the MAG memorandum that the Credit Union is treated as an adjunct of the Office of Personnel, I found that the Director of Personnel is only responsible for ensuring that Credit Union operations conform to Agency regulation as they involve the Agency's security and cover practices. Beyond this Agency-initiated requirement, the Credit Union operates as a legal entity totally within its Credit Union Charter and authorities. That it does so properly and otherwise conforms to established Credit Union practices is monitored and examined by the National Credit Union Administration.

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4. After completing my review, I reported the results to MAG and informed them that, in my opinion, the Credit Union meeting of 27 September 1972 was the proper forum for the discussion of the points raised by MAG. The matters were discussed in this meeting and, in my opinion, were adequately settled.

W. E. Colby
Executive Secretary
CIA Management Committee

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File: MAG

Acting DDI handed out attached to Deputy Directors and Staff Chiefs at Executive Council Meeting, Tuesday, 7 August 1973.

A copy has also been filed in the Management Committee File.

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